

QUARTERLY REPORT

This is a quarterly report on consolidated results for the period ended 31 March 2007
The figures have not been audited.

CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE PERIOD ENDED 31 MARCH 2007

	INDIVIDUAL QUARTER		CUMULATIVE	
	CURRENT YEAR QUARTER 31-Mar-07 RM '000	PRECEDING YEAR QUARTER 31-Mar-06 RM '000 (restated)	CURRENT YEAR TO DATE 31-Mar-07 RM '000	PRECEDING YEAR TO DATE 31-Mar-06 RM '000 (restated)
Revenue	107,417	105,379	107,417	105,379
Operating expenses	<u>(37,542)</u>	<u>(40,864)</u>	<u>(37,542)</u>	<u>(40,864)</u>
Other operating income	69,875	64,515	69,875	64,515
Administrative expenses	<u>86,447</u>	<u>9,597</u>	<u>86,447</u>	<u>9,597</u>
	<u>(6,972)</u>	<u>(4,664)</u>	<u>(6,972)</u>	<u>(4,664)</u>
Profit from operations	149,350	69,448	149,350	69,448
Finance cost	(4,999)	(3,450)	(4,999)	(3,450)
Share of results of associate	<u>3,661</u>	<u>3,870</u>	<u>3,661</u>	<u>3,870</u>
Profit before taxation	148,012	69,868	148,012	69,868
Income tax expense	<u>(1,665)</u>	<u>63</u>	<u>(1,665)</u>	<u>63</u>
Profit for the period	<u>146,347</u>	<u>69,931</u>	<u>146,347</u>	<u>69,931</u>
Attributable to:				
Equity holders of the parent	143,654	67,002	143,654	67,002
Minority interests	<u>2,693</u>	<u>2,929</u>	<u>2,693</u>	<u>2,929</u>
	<u>146,347</u>	<u>69,931</u>	<u>146,347</u>	<u>69,931</u>
Earnings per share attributable to equity holders of the parent (sen)				
- Basic	17.96	8.38	17.96	8.38

Please refer to Note B13 for number of shares

CONDENSED CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2007

	UNAUDITED	AUDITED
	AS AT END OF CURRENT QUARTER 31-Mar-07 RM '000	AS AT PRECEDING FINANCIAL YEAR END 31-Dec-06 RM '000
ASSETS		
Non-current assets		
Fixed assets	832,563	1,021,312
Investments in associates	39,968	36,397
	<u>872,531</u>	<u>1,057,709</u>
Current Assets		
Consumable stores	9,185	6,216
Trade receivables	15,352	33,148
Other receivables and prepayments	84,446	84,363
Financial assets (comprising club membership & quoted investments)	140,185	178,103
Short term deposits	800,415	676,671
Cash and bank balances	4,749	16,123
	<u>1,054,332</u>	<u>994,624</u>
Non-current asset classified as held for sale	217,227	36,062
	<u>1,271,559</u>	<u>1,030,686</u>
TOTAL ASSETS	<u><u>2,144,090</u></u>	<u><u>2,088,395</u></u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	200,000	200,000
Reserves	1,489,076	1,354,117
	<u>1,689,076</u>	<u>1,554,117</u>
Minority interest	51,568	53,034
Total equity	<u>1,740,644</u>	<u>1,607,151</u>
Non-current liabilities		
Bank and other borrowings	326,566	336,014
Deferred taxation	513	-
	<u>327,079</u>	<u>336,014</u>
Current liabilities		
Bank and other borrowings	17,129	73,302
Other payables	58,189	71,451
Provision for Taxation	1,049	477
	<u>76,367</u>	<u>145,230</u>
Total liabilities	<u>403,446</u>	<u>481,244</u>
TOTAL EQUITY AND LIABILITIES	<u><u>2,144,090</u></u>	<u><u>2,088,395</u></u>

CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED 31 MARCH 2007

	CUMULATIVE	
	CURRENT YEAR 31-Mar-07 RM '000	PRECEDING YEAR 31-Mar-06 RM '000 (Restated)
Cash Flow From Operating Activities		
Profit before taxation	148,012	69,868
Adjustments for:		
Depreciation	9,405	9,513
(Gain) / loss on disposal of quoted investments	(2,123)	(453)
Gain on disposal of vessels	(73,967)	-
Provision for doubtful debts	263	-
Unrealised exchange (gain)/loss	(2,810)	-
Share of results of associate	(3,661)	(3,870)
Unrealised loss / (gain) on quoted investments	856	962
Dividend income	(133)	(516)
Movement in foreign exchange translation	1,942	(11,548)
Interest income	(10,368)	(9,652)
Interest expense	4,999	3,450
Operating profit before working capital changes	72,415	57,754
Working capital changes:		
Consumable stores	(2,969)	3,199
Receivables	16,520	5,419
Payables	(13,262)	(27,912)
Cash generated from operating activities	72,704	38,460
Tax (paid)/recovered	178	(444)
Net cash generated from operating activities	72,882	38,016
Cash Flows From Investing Activities		
Construction / purchase cost incurred for fixed assets	(44,292)	(11,736)
Purchase of new equipment and capitalisation of dry docking cost	(1,343)	(629)
Purchase of other fixed assets	(11)	(57)
Purchase of quoted investments	(13,439)	(9,145)
Dividend received	133	516
Interest received	10,368	9,652
Proceeds from disposal of quoted investments	52,073	7,608
Proceeds from sale of vessels	102,591	-
Loan repayment from associate company	-	3,708
Net cash generated from/(used in) investing activities	106,080	(83)
Cash Flows From Financing Activities		
Interest paid	(4,999)	(3,450)
Repayment of loans	(59,985)	(5,577)
Net cash generated from/(used in) financing activities	(64,984)	(9,027)
Net Change in Cash & Cash Equivalents	113,978	28,906
Effects of Foreign Exchange Rate Changes	(1,608)	-
Cash & Cash Equivalents at the beginning of the period	692,794	775,093
Cash & Cash Equivalents at the end of the period	805,164	803,999
Cash & Cash equivalents comprise:		
Short term deposits	800,415	798,996
Cash and bank balances	4,749	5,003
	805,164	803,999

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2007

	← Attributable to Equity Holders of the Parent →						Minority Interest	Total Equity	
	Non-distributable					Distributable			
	Share Capital	Share premium	Capital reserve	Capital redemption reserve	Exchange translation reserve	Retained profits			Total
RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	
3 MONTHS ENDED 31 MARCH 2006									
At 1 January 2006									
As previously stated	200,000	98,791	34,159	40,000	1,473	1,089,657	1,464,080	45,082	1,509,162
Effects of adopting FRS 121	-	-	-	-	91,678	(56,060)	35,618	-	35,618
At 1 January 2006 (restated)	200,000	98,791	34,159	40,000	93,151	1,033,597	1,499,698	45,082	1,544,780
Currency translation differences	-	-	-	-	(28,775)	-	(28,775)	(19)	(28,794)
Profit for the period	-	-	-	-	-	67,002	67,002	2,929	69,931
At 31 March 2006 (restated)	200,000	98,791	34,159	40,000	64,376	1,100,599	1,537,925	47,992	1,585,917
3 MONTHS ENDED 31 MARCH 2007									
At 1 January 2007									
Currency translation differences	-	-	-	-	(8,695)	-	(8,695)	(4,159)	(12,854)
Profit for the period	-	-	-	-	-	143,654	143,654	2,693	146,347
At 31 March 2007	200,000	98,791	34,159	40,000	(25,690)	1,341,816	1,689,076	51,568	1,740,644

NOTES TO THE FINANCIAL REPORT

A1. BASIS OF PREPARATION

The interim financial statements have been prepared under the historical cost convention.

The interim financial statements are unaudited and have been prepared in accordance with the requirements of FRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad. The accounting policies and methods of computation adopted by the Group in this report are consistent with those adopted in the financial statements for the year ended 31 December 2006.

This interim financial report should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2006.

A2. AUDIT REPORT OF PRECEDING ANNUAL FINANCIAL STATEMENTS

The financial statements for the year ended 31 December 2006 were not qualified.

A3. SEASONAL OR CYCLICAL FACTORS

The business operations of the Group were not significantly affected by any seasonal or cyclical factors.

A4. NATURE AND AMOUNT OF UNUSUAL ITEMS

There were no items affecting assets, liabilities, equity, net income or cash flows that are unusual because of their nature, size or incidence for the current quarter.

A5. CHANGES IN ESTIMATES

There were no changes to the estimates of amounts reported in prior financial years that may have a material effect in the current quarter.

A6. ISSUANCE OR REPAYMENT OF DEBT AND EQUITY SECURITIES

There were no issuance and repayment of debt and equity securities, share buy-backs, share cancellation or shares held as treasury shares and resale of treasury shares for the current quarter.

A7. DIVIDENDS

There were no dividends paid during the current quarter.

The first and final dividend of 12 sen per share, and a special dividend of 18 sen per share, tax exempt, amounting to RM240 million for the financial year ended 31 December 2006 was paid on 10 May 2007.

A8. SEGMENT REPORT

Segmental analysis for the current financial period to date is as follows:

	Shipping Bulkers RM '000	Shipping Tankers RM '000	Ship brokerage & management & others RM '000	Elimination RM '000	Group RM '000
REVENUE AND RESULT					
Revenue					
External sales	80,110	26,011	1,296	-	107,417
Inter-segment sales	(387)	-	727	(340)	-
Total revenue	<u>79,723</u>	<u>26,011</u>	<u>2,023</u>	<u>(340)</u>	<u>107,417</u>
Segment results	125,435	12,316	1,231	-	138,982
Interest income					10,368
Finance cost					(4,999)
Share of results of associate					3,661
Taxation					(1,665)
Profit for the period					<u>146,347</u>

A9. VALUATION OF SHIPS, PROPERTY AND EQUIPMENT

The fixed assets are stated at cost less accumulated depreciation and impairment losses.

A10. SUBSEQUENT MATERIAL EVENTS

On 19 March 2007, two subsidiaries, Alam Cantik Shipping Limited and Ethiopian Assets Limited, entered into separate Memorandum of Agreements for the disposal of a vessel each for a cash consideration of US\$41.1 million each. The disposals are expected to be completed in June/July 2007.

A11. CHANGES IN THE COMPOSITION OF THE GROUP

The Company acquired the entire issued share capital of Serba Pasifik Sdn Bhd, a company incorporated in Malaysia, on 26 March 2007, comprising 2 ordinary shares of RM1 each for a total cash consideration of RM2.

Save as disclosed above, there have been no other changes in the composition of the Group during the current quarter under review.

A12. CONTINGENT LIABILITIES

There were no changes in contingent liabilities since the last annual balance sheet date to the date of this report.

B1. REVIEW OF PERFORMANCE

Group revenue for this first quarter 2007 of RM107.4 million is 2% up against the Q1 2006 revenue of RM105.4 million. The flat revenue growth reported is due to reduced charter-in activities as MBC was able to deploy its own vessels for various COA shipments (down by RM13.9 million) and the loss of revenue from vessels sold (down by RM3.7 million). The delivery of the two new product tankers however contributed towards overall revenue.

BDI has passed its previous record set on 6th December 2004 (6208). The market is at all time high with the BDI standing at 6585 on 10th May 2007. The Baltic Clean Tanker Index (BCTI) started the year at 1185, dropped to its lowest in the quarter in early February 2007 to 898, and has since steadily strengthened to 1063 (10th May 2007).

MBC's dry bulk average TCE for the current quarter is 27% higher against the previous Q1 2006 reflecting a stronger dry bulk sector, whereas the average tanker TCE declined 17% against the comparative Q1 2006. Although average tanker TCE declined, total tanker income increased by 16% due to contributions from the two new product tankers.

	Ave. TCE/Day		Hire Days	
	Q1 07 (USD)	Q1 06 (USD)	Q1 07 (Day)	Q1 06 (Day)
Dry Bulk	21,779	17,151	1,058	1,270
Product Tankers	19,785	23,830	384	255
Fleet Average	21,263	18,268	1,442	1,525

Operating cost for Q1 2007 was affected by two distinctly divergent developments. Although charter-in activities had dropped in Q1 2007 which together with the sale of the two dry bulk vessels in February helped reduce operating expenses, the deployment of the two product tankers Alam Cantik in May 2006 and Alam Cepat in March 2007 had on the other hand caused operating cost over this period to increase. The net effect was an increase in total operating expenses for this current quarter by RM3.3 million as compared to that of Q1 2006.

The current quarter's other operating income of RM86.4 million includes gain of RM74.0 million arising from the disposal of two bulkers. There were no disposals in the comparative Q1 2006 results.

B2. COMPARISON WITH PRECEDING QUARTER'S RESULTS

Q1 2007's revenue of RM107.4 million remains flat compared to Q4 2006's revenue of RM108.0 million. This is due to reduced hire days arising from the sale of the two dry bulk vessels which were mitigated by the delivery of two new product tankers. Consequently with the slight increase in operating cost, operating profit for Q1 2007 was marginally down at RM69.9 million against RM71.5 million for Q4 2006, a 2% drop.

The current quarter's profit of RM146.3 million includes gain on disposal of vessels of RM74.0 million.

B3. PROSPECTS

The Baltic Dry Index has risen by more than 40% since the beginning of this year after an 80% surge in 2006 and was driven by congestion at ports and strong global demand. China's and India's rapid economic expansion continue to fuel demand for raw material shipments. Meanwhile, port congestions have led to delays and exacerbated the shortage of available tonnages. Compounding on the situation, the Australian grain season is again expected to be poor, which will only result in increased imports from Brazil and Argentina adding therefore to longer tonne-mile meaning more vessels for such trade.

Tankers in comparison are subdued and are subjected to more geo-political and climatic influence. The overhang of the substantial tanker orderbook has caused concern although earnings are still quite healthy to date.

The sale of two product tankers as mentioned in Note A10 above will generate total gains of RM62.4 million which will further boost the overall performance of the MBC Group for the year.

Prospects going forward can be summarized as steady for tankers and strong for dry bulk and the outlook for the Group for 2007 is positive.

B4. VARIANCE OF PROFIT FORECAST AND PROFIT GUARANTEE

There were no profit forecast or profit guarantee for the period under review.

B5. TAXATION

	Current quarter RM'000	Current financial year-to-date RM'000
Income tax charge		
-current year	790	790
-prior year	362	362
Deferred tax	513	513
	<u>1,665</u>	<u>1,665</u>

The income of the Group that is derived from the operations of sea-going Malaysian registered ships is tax exempt under Section 54A of the Income Tax Act, 1967. The taxation charge for the Group is attributable to tax in respect of non-tax exempt activities of the Group.

B6. PROFITS ON SALE OF INVESTMENTS AND/OR PROPERTIES

There were no sales of unquoted investments and/or properties for the current financial quarter.

B7. QUOTED SECURITIES

i) Details of purchases and disposals of quoted securities are as follows:

	Current quarter RM'000	Current financial year-to-date RM'000
Purchase consideration	13,439	13,439
Sale proceeds	52,073	52,073
Profit/(loss) on disposal of quoted securities	2,123	2,123

ii) Details of investments in quoted securities:

	As at 31-Mar-07 RM '000
Marketable securities	
At cost	95,142
At book value	140,013
At market value	146,551

B8. STATUS OF CORPORATE PROPOSALS

On 27 February 2007, the Board of Directors announced that the Company proposed to implement a bonus issue of 200 million new ordinary shares of RM0.25 each to be credited as fully paid-up on the basis of one(1) new ordinary share of RM0.25 each for every four (4) existing ordinary shares held in MBC ("Bonus Shares").

The above proposal was approved by MBC's shareholders during the Extraordinary General Meeting held on 20 April 2007. The expected date for the listing and quotation of the Bonus Shares is on 24 May 2007.

B9. GROUP BORROWINGS

i) The Group borrowings as at 31 March 2007 are as follows:

	Currency	Current RM '000	Non-current RM '000
Secured loans	GBP	10,766	257,946
Unsecured loan	USD	-	17,444
Unsecured loan	RM	-	544
Finance lease payables	USD	6,363	50,632
		<u>17,129</u>	<u>326,566</u>

The secured loans are denominated in Sterling Pound and these have been swapped into US Dollars.

B10. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

The Group did not enter into any contracts involving off balance sheet financial instruments as at the date of this report.

B11. MATERIAL LITIGATION

There is no material litigation involving the Group since the last annual balance sheet date to the date of this report.

B12. DIVIDENDS

The Directors do not recommend any dividend for the current financial quarter ended 31 March 2007.

B13. EARNINGS PER SHARE

The basic earnings per share of the Group is calculated by dividing the profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares in issue.

	CURRENT YEAR QUARTER 31-Mar-07	PRECEDING YEAR QUARTER 31-Mar-06	CURRENT YEAR TO DATE 31-Mar-07	PRECEDING YEAR TO DATE 31-Mar-06
Profit attributable to ordinary equity holders of the parent (RM'000)	143,654	67,002	143,654	67,002
Weighted average number of ordinary shares in issue('000)	800,000	800,000	800,000	800,000
Earnings per share attributable to equity holders of the parent (sen)	<u>17.96</u>	<u>8.38</u>	<u>17.96</u>	<u>8.38</u>

B14. COMMITMENTS

Commitments as at 31 March 2007, in foreign currency and its equivalent in RM are as follows:

	'000	RM'000
Approved and contracted for		
Capital commitments		
- new shipbuildings	USD 34,265	119,927
- vessel purchase	USD 5,650	19,775
Charterhire commitments in Japanese Yen	JPY 4,630,800	<u>137,859</u>
		<u>277,561</u>